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Message Text

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ACTION EB-08

INFO OCT-01 ARA-06 EUR-12 ISO-00 CIAE-00 COME-00
DODE-00 DOTE-00 FMC-01 INR-07 NSAE-00 CG-00
DLOS-09 OES-06 SS-15 NSC-05 L-03 SP-02 H-01 PA-01
PRS-01 USIA-06 /084 W
----------150543Z 079238 /17
R 142210Z APR 77
FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 1539
AMCONSUL HAMBURG
AMEMBASSY LONDON
AMCONSUL ROTTERDAM
INFO AMEMBASSY BONN
AMEMBASSY PARIS
AMEMBASSY THE HAGUE

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EO 11652: N/A
TAGS: EWWT, MX, XT, US
SUBJECT: MEXICO TO END TRIANGULAR TRADE WITH EUROPE
VIA THE UNITED STATES?

1. MARITIME SHIPPING LINE DIRECTORS (KARL SAGER,
HAPAG LLOYD, FRG; E.G. NILSON, INTERCONTINENTAL
TRANSPORT, NETH.; B. LEMETIER, COMPAGNIE GENERAL
MARITIME, FRANCE; P. GARDEN, HARRISON LINES, UK;
AND ENRIQUE ROJAS, TRANSPORTACION MARITIMA MEXICANA)
OF THE WITASS CONFERENCE (EUROPE-MEXICO) MET IN
MEXICO CITY THE WEEK OF APRIL 10, 1977. THE DIRECTORS,
TOGETHER WITH THE BRITISH AND FRENCH AMBASSADORS,
SPENT ONE AND A HALF HOURS WITH MEXICAN FOREIGN
MINISTER SANTIAGO ROEL. THE PRESS REPORTS THAT THE
POSSIBILITY OF INCREASED TRADE AND SPECIAL MARITIME
PROJECTS --- MEXICAN PORT IMPROVEMENTS AND ENDING
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THE MEXICO-EUROPE TRIANGULAR TRADE VIA THE U.S.
GULF --- WERE DISCUSSED. ROEL STATED THAT THE MEET-
ING WAS HELD TO EXPLORE MEANS OF ACHIEVING THE JLP
ADMINISTRATION/S MARITIME AND TRADE DEVELOPMENT
OBJECTIVES. NO SPECIFIC DETAILS WERE ANNOUNCED AND
THE DIRECTORS DECLINED TO MAKE ANY PUBLIC STATEMENTS.
HOWEVER, THEY WERE REPORTED AS BEING READY AND WILL-

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ING TO PROVIDE IMMEDIATE TECHNICAL SUPPORT TO AID MEXICAN PORT AND TRADE DEVELOPMENT AND WOULD HOLD DISCUSSIONS WITH VARIOUS GOM AGENCIES.

2. COMMENT: A LOCAL SOURCE REPORTS THAT THE ROEL AND OTHER MEETINGS WITH GOVERNMENT OFFICIALS ARE THE RESULT OF A GOM INITIATIVE TAKEN ON BEHALF OF TRANSPORTACION MARITIMA MEXICANA (TMM) WITH PRESIDENTIAL APPROVAL (MONTERRY GROUP IS A MAJOR TMM STOCKHOLDER. ROEL IS FROM MONTERREY AND PRESIDENT LOPEZ PORTILLO IS A FORMER TMM DIRECTOR) AND ARE PART OF GOM PLANS TO INCREASE MEXICAN TRADE THROUGH MEXICAN PORTS IN MEXICAN-FLAG BOTTOMS. IN THIS REGARD, TMM WILL TAKE DELIVERY OF THREE JAPANESE-CONSTRUCTED CONTAINER VESSELS (20,000 DWT., 780 CONTAINER CAPACITY EACH) NEXT YEAR. TWO ARE EXPECTED TO BE PLACED ON THE EUROPEAN RUN (AND MAY EVEN CALL AT U.S. PORTS) AND THE OTHER IN THE FAR EAST SERVICE. SUCCESS ON THE EUROPEAN RUN FOR TMM WILL BE DEPENDENT ON THE LINE NOT ONLY REACHING AN ACCOMMODATION WITH THE EUROPEAN WITASS MEMBERS (A TMM, HAPAG LLOYD AND CGM CONSORTIUM OPERATION DISINTEGRATED LAST YEAR), BUT ALSO IN COMPETING WITH AND/OR ENDING THE TRIANGULAR TRADE TO AND FROM EUROPE VIA HOUSTON. THE LATTER IS THE RESULT OF ECONOMICS AS THE COMBINED LAND-SEA CONTAINER RATE AS WELL AS SEALAND'S TRANSHIPMENT RATE TO TUXPAN FROM HOUSTON ARE CHEAPER THAN THE DIRECT EUROPE-MEXICO WITASS RATES.

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3. GIVEN THE EXISTING RATE DIFFERENTIALS, IT IS UNCLEAR HOW THE GOM AND THE WITASS MEMBERS, PARTICULARLY THE EUROPEANS, WILL PROCEED WITH RESPECT TO THE TRIANGULAR TRADE VIA THE U.S. FROM A COMPETITIVE STANDPOINT, WITASS COULD LOWER ITS RATES. THIS WOULD APPEAR UNLIKELY, HOWEVER, UNLESS MEXICAN PORT CHARGES ARE LOWERED OR PRODUCTIVITY INCREASED AND RELATED LABOR DIFFICULTIES ARE SATISFACTORILY RESOLVED BY THE GOM. BARRING THESE EVENTUALITIES, THE ONLY OTHER MEANS WOULD APPEAR TO BE TO ADOPT ANTI-COMPETITIVE MEASURES SUCH AS GOVERNMENT-SACTIONED CARGO RESERVATION, A PREMIUM SURCHARGE ON CONTAINERS MOVING VIA THE UNITED STATES OR EVEN THE CLOSING OF THE BORDER TO CONTAINERS NOT MOVING IN THE U.S.-MEXICO FOREIGN TRADE.

4. EMBASSY WILL REPORT SUBSEQUENT DEVELOPMENTS AND WOULD APPRECIATE ANY INFORMATION REGARDING THE FOREGOING WHICH ACTION ADDRESSEES MIGHT

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DEVELOP. THOMPSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARINE TRANSPORTATION, NEGOTIATIONS, TRADE AGREEMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 14-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
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Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770130-1284
Format: TEL
From: MEXICO
Handling Restrictions: n/a
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Legacy Key: link1977/newtext/t19770458/aaaabxtr.tel
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Litigation History:
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Message ID: 463d23a5-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Page Count: 3
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Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
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SAS ID: 2807560
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Subject: MEXICO TO END TRIANGULAR TRADE WITH EUROPE VIA THE UNITED STATES?
TAGS: EWWT, ETRD, MX, XT, US
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